

Hog Prices: ↓ Soymeal: ↓
Corn: ↓ CDN Dollar: ↑

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, December 07, 2012

For details call: (204)235-2237 or visit
<http://hamsmarketing.ca>

US Slaughter	
432,000	Thursday
431,000	Thursday (year ago)
W. Corn Belt	\$83.17
National Price	\$85.71
Daily Sig 3	\$151.08
Daily Sig 4	\$150.77
Thunder Creek	\$151.66
4-Month Fwd	\$145.27
#1 Export Sows (+500lbs) \$ 49.50 cwt.	
B of C Ex. Rate (Noon) \$0.9910 CAD/\$1.0090 US	
Cash Prices: Week Ending December 7, 2012	
Signature 3	69.51/153.24
Signature 4	66.90/147.48
h@ms Cash	67.95/149.80
Hylife	n/a
Thunder Creek	65.73/144.90
ISO Weans	\$56.18 US Avg.
Feeder Pigs	\$62.33 US Avg.

Forward contract prices opened lower this morning. US cash markets turned lower in trade yesterday, with some packers unwilling to compete for the tightening live supplies while operating margins are so tight. Cash bids dropped close to \$2.00/cwt. across most USDA reporting regions, erasing close to half of the gains experienced this week. The wholesale pork product market has been on a weaker trend, with a consistent high volume of trade this week, contributing to packer decisions to pull back their bids. In response to the weaker cash markets, Lean Hog futures have also been on a lower trend, with most months trading at their lowest levels in a month. The combination of speculators selling out of their long positions and producer hedging has resulted in a sharp decline in 2013 contract prices. Also contributing to the weakness in forward prices, the Canadian Dollar is trading at the highest level in a month with confirmation that Canada added close to 60,000 jobs in November, dropping our unemployment rate to 7.2% from the 7.4% rate reported in October.

Canadian delivered soymeal prices opened lower this morning. US soybean futures contracts opened lower this morning following lower overnight trade. However, the continual and gradual rise in soymeal prices since mid-November is a function of cumulative meal sales which were higher than market estimates; currently at 70 percent of the USDA forecast compared to a five-year average of 44 percent. Oil sales are also up and there are now reports that the USDA will adjust the soybean crush higher and decrease ending stocks estimates, which should be confirmed in the next WASDE Report released next week.

Canadian delivered corn prices opened lower this morning. Corn futures have opened lower on all offered contracts this morning. Export demand for US corn remains "terrible" according to some analysts; week to week export sales are slumping and cumulative sales are about 8 percent below the five-year average. The USDA is expected to further drop demand estimates in next week's WASDE Report. In spite of this, corn is benefitting from strength from wheat and soy sales, mitigating losses.

	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Fixed Forward Range (Maple Leaf Sig. #3)		134.31 142.03	143.39 146.57	146.29 147.66	148.32 160.14	164.57 173.23	169.60 174.14	172.06 174.34	160.86 170.75	153.11 154.93
(Maple Leaf Sig. #4)		136.39 140.26	142.55 144.48	145.80 146.68	148.29 157.63	160.71 168.99	167.75 170.92	169.09 170.33	161.50 168.00	151.80 158.33
Soymeal Delivered	524	523	523	523						
Corn Delivered	299	301	301							

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